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From: [REDACTED]
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To: [REDACTED]
Cc: [REDACTED]
Bcc:
Subject: RE: Consistent Settlement- Joint Return

If the partnership interest is community property, the regulations treat the husband and wife as separate partners so that the settlement/conversion of one spouse does not automatically convert the partnership items of the other spouse- except when the non-settling spouse is not listed on the partnership return K-1. In this later case, the conversion of the only listed spouse serves to also convert the partnership items on the non-listed spouse. See Treas. Reg. 301.6231(a)(12)-1(c) and -1(a)(2).

In non-community property states the conversion of the spouse owner of the partnership interest serves to convert the partnership items of the jointly filing non-partner spouse.